

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

DOT-00 INR-07 NSAE-00 FAA-00 L-03 SS-15 NSC-05 /052 W

----- 031297

R 081012Z OCT 75

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 3920

INFO AMEMBASSY LONDON

LIMITED OFFICIAL USE SECTION 01 OF 02 PARIS 26029

E. O. 11652: N/A

TAGS: EAIR, FR, US

SUBJ: CIVAIR: WEEKEND ITC'S

REF: STATE 140650 (NOTAL), STATE 148546 (NOTAL)

1. SUMMARY--SGAC HAS ISSUED NEW WEEKEND ITC RULE INCLUDING MINIMUM PRICE. PANAM IS CONCERNED. RULE MENTIONS CAB DISPOSED CONSIDER SYMPATHETICALLY WAIVER REQUESTS. WE TOOK SGAC TO TASK FOR PROPRIETY SUCH MENTION OF CAB POSITION, THOUGH THIS DEVELOPMENT COULD GIVE US SOME ADDITIONAL LEVERAGE IN FORTHCOMING BILATERAL CHARTER TALKS. END SUMMARY.

2. WE HAVE JUST RECEIVED FROM SGAC COPY OF ITS CIRCULAR NO. 5615 DATED SEPT. 24, 1975, WHICH RENEWS WEEKEND ITC PROGRAM ON NORTH ATLANTIC FOR PERIOD OCT. 15, 1975-JUNE 15, 1976. COPIES POUCHED FOR DEPT. AND CAB.

3. UNLIKE PREVIOUS WEEKEND ITC RULE, NEW CIRCULAR ESTABLISHES MINIMUM PRICES FOR WEEKEND ITC'S, THOUGH ONLY THROUGH MARCH 15, 1976. (MINIMUM PRICE FOR MARCH 15 TO JUNE 15, 1976 WILL BE ANNOUNCED LATER.) PRICE COMPONENTS FOR PARIS-NEW YORK ROUND TRIP ARE 1,045 FRs. (WHOLESALE), 210 FRs. (PROFIT MARGIN),
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240 FRs. (GROUND PACKAGE), MAKING TOTAL MINIMUM

RETAIL PRICE OF 1,495 FRF. WHICH IS ROUNDED UP TO
1,500 FRF. MINIMUM RETAIL PRICE PARIS-MONTREAL IS
1,430 FRF.

4. PANAM HAS EXPRESSED CONCERN TO US OVER LATE
PUBLICATION OF CIRCULAR AND ITS MINIMUM PRICE
PROVISION, SINCE THEY CLAIM THAT ON BASIS ORAL
ASSURANCES FROM SGAC THAT MARKETING COULD COMMENCE
UNDER OLD RULE PENDING ISSUANCE NEW CIRCULAR EXTENDING
WEEKEND ITC'S, THEY HAD ALREADY PUBLICIZED WEEKEND
ITC FLIGHTS AND HAD EVEN HAD SOME APPROVED BY SGAC
AT RATES BELOW MINIMUM PRICE JUST ANNOUNCED. WE
DISCUSSED WITH SGAC, WHICH INDICATED IT WOULD BE
PREPARED MAKE EXCEPTIONS FOR CONTRACTS CONCLUDED
PRIOR PUBLICATION OF CIRCULAR. (COMMENT: SGAC
POSITION OF COURSE FINESSES QUESTION OF HOW THEY
MIGHT LOGICALLY TAKE EXCEPTION TO FLIGHTS AND
RELATED CONTRACTS THEY HAD ALREADY APPROVED,
ESPECIALLY IN ABSENCE AT THAT TIME OF ANY RULE OF
THEIR OWN AUTHORIZING THAT CATEGORY OF FLIGHT. WE
HAD BEEN URGING SGAC FOR SEVERAL WEEKS TO REISSUE
WEEKEND ITC RULE IF THAT WAS GOF'S INTENTION, SO
THAT CARRIERS WOULD KNOW WHERE THEY STOOD AND ALSO
SINCE GOF RULE OF ORIGIN OBVIOUSLY HAD TO BE IN PLACE
BEFORE CARRIERS COULD REQUEST CAB WAIVER TO OPERATE
SUCH FLIGHTS TO US.)

5. CIRCULAR ALSO CONTAINS FOLLOWING PASSAGE IN ITS
INTRODUCTORY SECTION (OUR INFORMAL TRANSLATION):
"THE UNITED STATES CAB HAS INFORMED THE FRENCH
ADMINISTRATION THAT IT WAS DISPOSED TO CONSIDER
SYMPATHETICALLY REQUESTS FOR WAIVERS FROM ITS OWN
ITC REGULATIONS WHICH ARE SUBMITTED TO IT FOR THESE
CHARTERS BY EACH INTERESTED CARRIER." IN ABSENCE
ESPEROU WE INFORMED TRAUCHESSEC OF SGAC, WHO
APPARENTLY AUTHORED ABOVE CIRCULAR, OF OUR
ASTONISHMENT THAT IN SUCH A REGULATORY TEXT SGAC
WOULD SEE FIT TO MAKE REFERENCE TO VIEWS OF ANOTHER
CIVIL AIR ADMINISTRATION OR TO PREJUDGE WHAT LATTER'S
POSITION MIGHT BE. WE FURTHER POINTED OUT THAT
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CAB ITSELF HAD NOT CONVEYED ITS POSITION TO FRENCH
AUTHORITIES; IT HAD BEEN CONVEYED INFORMALLY BY
EMBASSY BY LETTER. EMBASSY WAS SURPRISED THAT
SGAC WOULD DRAW ON SUCH CORRESPONDENCE FOR ITS PUBLIC
REGULATIONS AND WITHOUT CONSULTING EMBASSY BEFOREHAND.
WE POINTED OUT THAT CAB MIGHT WELL TAKE EXCEPTION TO
ITS POSITION BEING BRUIED PUBLICLY IN THIS FASHION
AND IN AREA WHERE EACH WAIVER REQUEST REMAINED SUBJECT

CAB APPRECIATION AND DECISION; MOREOVER, MENTION OF
CAB COULD GIVE IMPRESSION THAT CAB WAS ENDORSING
PRINCIPLE IF NOT LEVEL OF MINIMUM PRICES LAID DOWN

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IN CIRCULAR, WHICH WAS OF COURSE MOST CERTAINLY
NOT THE CASE. TRAUCHESSEC WAS PROFUSE IN HIS
APOLOGIES, STATING THAT AIM HAD SIMPLY BEEN
TO ALERT CARRIERS, WHICH WERE AWARE OF PROBLEMS
WITH LAST YEAR'S WEEKEND ITC PROGRAM, THAT CAB
WOULD NOW ENTERTAIN REQUESTS FOR WAIVERS. WE
INFORMED TRAUCHESSEC THAT WE HAD AT THE TIME INFORMED
LOCAL REPS OF ALL INTERESTED US CARRIERS OF CAB
POSITION, AND WE ASSUMED THAT SGAC HAD DONE LIKEWISE
WITH AIR FRANCE, SO THAT WE FAILED SEE NEED INCLUDE
SUCH PROVISION IN THE CIRCULAR. TRAUCHESSEC AGREED
THAT MENTION OF CAB POSITION WAS OUT OF PLACE AND
HE ASKED US TO REASSURE CAB THAT SGAC HAD ACTED IN
GOOD FAITH AND WITH BEST OF INTENTIONS. (COPIES OF
EMBASSY'S LETTER OF JUNE 25 TO SGAC BASED ON REFTELS
WERE POUCHED DEPT. FOR EB/AVP AND CAB.)

6. COMMENT: AS INDICATED STATE 47507 (NOTAL),
CAB POSITION ON WEEKEND ITC'S GIVES US LEVERAGE FOR

OBTAINING GOF ACCEPTANCE OTC RULE. DISCOMFORT
OF SGAC OVER WORDING OF ITS NEW WEEKEND ITC CIRCULAR
AS INDICATED PARA 5 ABOVE MAY GIVE US SOME SMALL
ADDITIONAL LEVERAGE, IF ONLY PSYCHOLOGICAL. ASSUMING
DEPT. AND CAB SHARE VIEWS WE CONVEYED AS REPORTED
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PARA 5 ABOVE, ADVISE WHETHER THESE VIEWS SHOULD ALSO
BE MADE IN WRITING TO PLACE THEM MORE FIRMLY ON RECORD
OR WHETHER FOR TACTICAL REASONS DEPT. WOULD PREFER
HOLD ANY FOLLOW-UP IN ABEYANCE FOR TALKING POINTS
IN SUBSEQUENT NEGOTIATIONS WITH GOF.
RUSH

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Message Attributes

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Draft Date: 08 OCT 1975
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Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: SmithRJ
Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
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Margaret P. Grafeld
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06 JUL 2006

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